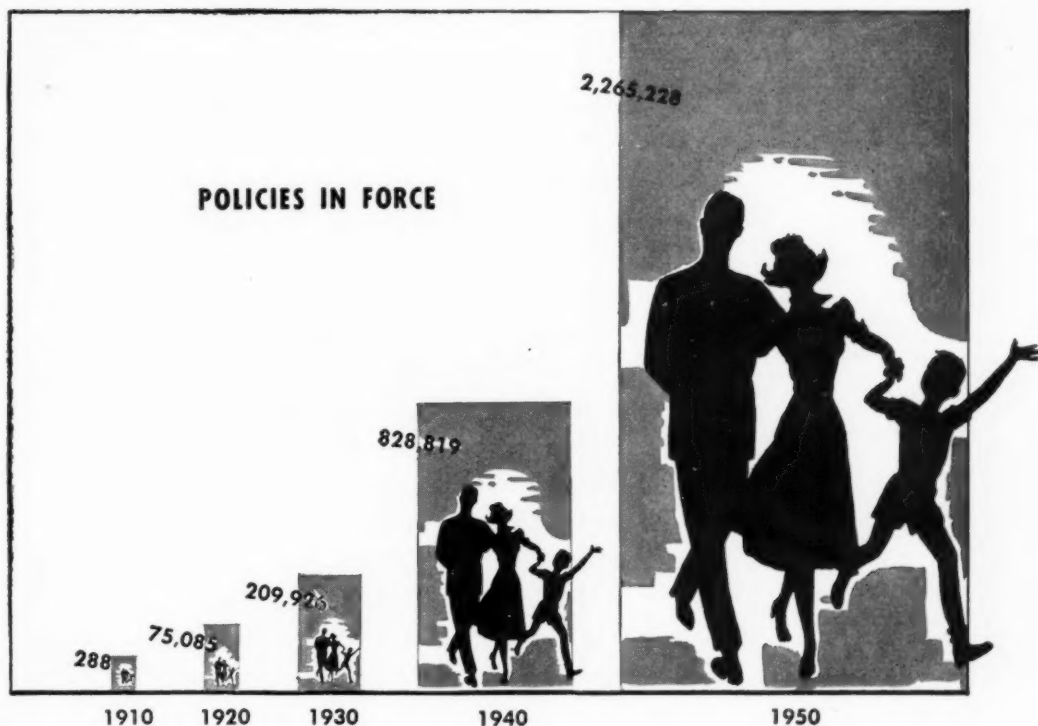


The NATIONAL UNDERWRITER

41 Years...on the way

UPWARD



Mutual of Omaha has paid hundreds of millions in benefits to policyowners and their beneficiaries. These payments have kept families together, have meant proper care for the sick, have provided food, clothing and shelter, often in times of dire need. These are the human values of insurance coverage that can never be adequately measured in money alone. Mutual has always kept this ideal of service uppermost . . . which may

account in large measure for its tremendous growth and eminence in the field of health and accident insurance protection . . . with an annual premium income now more than \$85 million.

**Mutual
OF OMAHA**



**The Largest Exclusive Health and
Accident Company in the World**

**MUTUAL BENEFIT HEALTH & ACCIDENT ASSOCIATION
HOME OFFICE: OMAHA, NEBRASKA**

Dr. C. C. Criss, Chairman of the Board V. J. Skutt, President



HEALTH & ACCIDENT CONFERENCE NUMBER

FRIDAY, JUNE 9, 1950

Reinsurance

May we remind Accident & Health Underwriters that the *Employers* service of Reinsurance in your line is *complete*, covering every phase of the business from assistance in the building of policy forms, on through underwriting, the actual mechanics of Reinsurance, and finally the effective technique of claim procedure. Day-by-day observation and study of details and experience through our thirty years of Reinsurance practice in this line are reflected in this *inclusive* service. We believe it is unexcelled—possibly not even duplicated in scope—in this entire field. Our immediate question: How can we be helpful to you?

Employers Reinsurance Corporation

KANSAS CITY

NEW YORK

CHICAGO

SAN FRANCISCO

LOS ANGELES

Meeting Federal Threat Is Big Topic

Catastrophe Problem One That Has to Be Solved, Pauley Says

Reviews Polio Cover, Cal. Physicians Service, Liberty Mutual Plan

"The highest degree of cooperation between doctors, Blue Cross, Blue Shield and the private companies is needed to forestall the very real threat of socialized medicine," C. O. Pauley, conference managing director, declared in his remarks on catastrophic medical expense at the Tuesday afternoon session.

Mr. Pauley commented that according to what he has been able to discover on this subject, only about one-tenth of 1% of illnesses reach catastrophic proportions, but this is the chief area of the arguments of Oscar Ewing, federal security administrator, in his demands for a federal health plan.

The ordinary bills for hospital and surgical care are no longer the big prob-



C. O. Pauley



F. L. Harrington

lem, Mr. Pauley said. It is only protracted illnesses or those which involve tremendous hospital and medical expense which require major consideration.

Chance to Get Even Start

If the companies had tackled the question of hospital care in the 1920s when it first came up, instead of surrendering the field to Blue Cross, there would be no competition from that source today, in all probability, he observed. In the catastrophic field the companies have the chance of getting an even start. The offering of polio insurance is a demonstration of the response the public is ready to make to coverage for high cost illness. Some of the companies have already broadened their polio forms to cover other dread diseases, and this may provide one of the approaches to the problem.

He mentioned the experiment of California Physicians Service in offering \$5,000 coverage on 23 specified diseases on a group basis. Private companies, unfortunately, cannot compete with this plan, under the California law.

The Liberty Mutual plan, covering 2,600 executives of General Electric for high cost illness above a \$300 deductible, is another possibility. Mr. Pauley said there is no reason why that idea cannot

Experiment Shows Community Health Insurance Feasible

In line with the proposal recently advanced by Superintendent Dineen of New York for experimentation on mass medical, surgical and hospital insurance on a community basis, C. E. Waller, president of Professional of Jacksonville, in one of a series of discussions on hospital insurance told how his company has conducted such an experiment and demonstrated the feasibility of community health insurance.

More than a year ago, he said, he received a copy of a letter written to



I. A. Weaver



C. E. Waller

many insurance companies by a civic and business leader in a comparatively small community, asking that health insurance be offered and sold to all residents of his community. After several conferences and much planning his company drew up a plan of community health insurance, which was approved by the insurance department. The hospitals, the doctors, the civic clubs, the ministers, the city and county officials, and everyone in the community put forth every possible effort to see that every citizen of the county was insured by the plan.

Insure About 10% of Community

During the first campaign, approximately 10% of the population of the community was insured under the plan. It was made available to all ages, both sexes, and all races on an experimental basis. Health questions were required to be answered on the applications the same as any other underwriting rules. "When the solicitation was completed, approximately 1% of the applicants would have been denied coverage had our regular underwriting rules been enforced. This means that we accepted one person out of each 100 who would have been denied the right to carry the coverage. In this particular instance, the campaign was a huge success and we believe it possible to increase the insured in this particular community to 50% of the residents of the community.

"Other community health plans have been successful insofar as the volume of business is concerned and the under-

be used on other groups, and mentioned that some of the conference companies have indicated a willingness to enter this field.

The catastrophe problem is one that has to be solved, he emphasized. If it is not, government action will be forthcoming. For the private companies, the field appears to offer as good possibilities as hospital and surgical cover. What is needed is broad experimentation.

writing information we have been able to secure so far indicates that the plan will be successful."

It is felt that certain revisions will be necessary in the present plan and revisions will be made, based on experience. Since this coverage is offered providing the same benefits for old, pre-existing conditions as new conditions, it creates a most satisfactory claim adjustment experience. It may be possible that it will be necessary to eliminate this preexisting condition coverage or it may become necessary to limit the present coverage in other respects. However, he said, there is a strong indication that health insurance can be offered on a mass basis to provide the coverage for every person regardless of age, race, sex or physical condition by applying some principle somewhere between the underwriting of individual applications and the underwriting of large group cases.

"As to actually what the underwriting procedures, the premium charged and the benefits promised will be, I believe remains to be seen by the trial and error method of private insurance carriers. I do believe, however, that the problem of mass insurance coverage for the masses of people can be provided and as suggested by Superintendent Dineen, we will find some of the answers to these problems."

What Has Already Been Done

As to what has been done generally Mr. Waller pointed out that for many years group insurance has been provided for groups of employees and every person in this particular group afforded the privilege of participating in the plan, with full coverage regardless of age or physical condition. Under these group plans, a substantial percentage of the employees were required to participate, but in many instances the required percentage has been reduced from 75% to 60%,—even to 50%, and in many instances the group plans have been installed at the beginning with even a smaller percentage of participation.

"We know that in franchise plans the franchise group has been established with a very small percentage of employees and the percentage increased at a later date. We know that the franchise principle has been employed with the association groups where there was no common employer and the required percentage being from a small percent to a large percent of the members of the association."

Rules, Coverage Have Varied

In these group plans and group proposals, the underwriting rules have varied and the type of coverage issued has varied, depending on the participation, the health of the members of the group and other factors considered necessary for the safe underwriting of the business.

"We know that individual plans of health insurance have been issued and are continuing to be issued to individuals who apply for the coverage. We have established underwriting rules and regulations for these individual cases and with these underwriting rules and regulations, the premiums charged, and the benefits provided, we have de-

(CONTINUED ON PAGE 13)

Faulkner Is H. & A. Conference Head; Farley Next in Line

New Constitution Adopted; Brings More New Talent to Top Ranks

By JOHN C. BURRIDGE

Meeting the threat of government invasion of A. & H. insurance overshadowed all other topics at the annual meeting of H. & A. Underwriters Conference in New York City this week. Nearly 350 attended the convention, whose sessions were conducted on the top floor of the Statler Hotel in an atmosphere of mild spring weather.

The new president is E. J. Faulkner, president of Woodmen Accident. He



Jarvis Farley



E. J. Faulkner

moves up from chairman of the executive committee to succeed Frank L. Harrington, Massachusetts Protective. The new executive committee chairman is Jarvis Farley, Massachusetts Indemnity.

At the executive session Wednesday

NEW OFFICERS ELECTED

President—E. J. Faulkner, Woodmen Accident.

First vice-president—W. Franklyn White, Mutual Benefit Life.

Second vice-president—A. B. Hvale, Continental Casualty.

Secretary—G. H. Hipp, Employers Mutual Liability.

Chairman executive committee—Jarvis Farley, Massachusetts Indemnity.

New members executive committee—H. Lewis Rietz, Lincoln National Life; J. Eugene Taylor, National Life & Accident; J. W. Scherr, Jr., Inter-Ocean; Frank S. Vanderbrouk, Monarch Life, and Fred Grainger, Federal Life & Casualty; ex-officio, F. L. Harrington, Massachusetts Protective; V. J. Skutt, Mutual Benefit H. & A.; George W. Kemper, Fireman's Fund Indemnity.

morning, the conference adopted a revised and modernized constitution but which contains no fundamental changes. However, immediately after ratification of the new constitution, Cecil C. Fraizer, general counsel, who prepared the new

(CONTINUED ON PAGE 10)

Carefully Selected Loyal Representatives are
TRAINED AND EQUIPPED For Success on a Career Basis



Immediate Schooling by Qualified Home Office Representatives in **NON-CANCEL-LABLE, GUARANTEED RENEWABLE SICKNESS AND ACCIDENT SALES METHODS.**

Additional Schooling by Qualified Home Office Representatives in **LIFE INSURANCE TO PROVIDE COMPLETE PERSONAL PROTECTION.**

Thorough **FIELD TRAINING IN THE USE OF FIELD-DEVELOPED AND FIELD-PROVEN SALES TOOLS.**

JOHN M. POWELL, President
W. B. CORNETT, First Vice President

**LOYAL PROTECTIVE LIFE
INSURANCE COMPANY**
BOSTON 15, MASSACHUSETTS

40 YEARS OF SERVICE TO AN EVER INCREASING NUMBER of POLICYHOLDERS and AGENTS

a record of which the Illinois Mutual Casualty Company is very proud.

An Illinois Mutual Casualty agent has contracts in his policy folio covering all insurable risks in his community.

Accident or accident and sickness income protection policies for employed men and women (policies issued to women cover all female diseases, except pregnancy, miscarriage or childbirth). **Life time** disability from accidents, and **two years** disability from sickness in preferred classes.

Hospital-surgical and medical expense protection for individual adults and family groups. Age limits from one day to 74 years inclusive.

Franchise accident and sickness; hospital and surgical expense for groups from five up.

Agency openings in Illinois, Indiana, Ohio, Michigan, Wisconsin, Minnesota and Missouri.

An agency company for agents and their policyholders.

ILLINOIS MUTUAL CASUALTY COMPANY

Home Office — 411 Liberty Street — Peoria, Illinois

E. A. McCord, President — C. C. Inman, Vice President and
Agency Director

Dineen Again Urges Community Health Experimentation

NEW YORK — Commissioner Robert E. Dineen of New York in addressing the opening session of the annual meeting of H. & A. Underwriters Conference here Monday, forcefully reiterated his plea that the A. & H. business take the lead in accomplishing mass distribution of health insurance. He reviewed the points he made in his speech at Pennsylvania Insurance Days several weeks ago at Pittsburgh when he urged the companies to develop community health plans on an experimental basis.

Such experimentation is imperative, he urged, if the business is to take the play away from federal health monopoly advocates. The public is entitled to a standard of comparison, and if insurance will prove itself in this field Mr. Dineen opined government would have little chance to impose a single inflexible system on the entire population.

This is a mass distribution problem, he emphasized. At a meeting of A. & H. agents some time back at Buffalo, Mr. Dineen said the statement was made that production of A. & H. should be limited to individual solicitation; but this line is now a publicly accepted one and subject to price buying. Groups of people must be covered to reduce the possibility of federal invasion.

Ewing Has "Taken Off Gloves"

Mr. Dineen pointed out that Oscar Ewing, federal security administrator, has "taken off his gloves" and in a recent speech outlined his plan for health insurance. It would include the entire population under a single plan. While the semblance of free choice would remain, the laws of economics soon would propel everyone into the federal system. The scheme would actually constitute federal monopoly, totally inconsistent with the line of thought being pursued, Mr. Dineen observed, by Rep. Celler of New York, who is investigating big business.

The companies "have to do something more than be pious, adopt resolutions and condemn," he said. After his talk at Pittsburgh, Mr. Dineen recalled he received some fan mail, one of the letters coming from General Electric Corp. The letter outlined the plan that company has in effect with Liberty Mutual insuring 2,600 employees for catastrophic medical loss. "Isn't it better to conduct an experiment on 2,600 people in one plant, than to cover 150 million people under a rigidly controlled plan?" he asked. "Sure, the individual producer is needed to round out the edges, but the main idea is to get mass distribution in effect."

An opportunity for mass distribution is presented by the New York disability benefits law, whereunder an estimated 160,000 employers must be sold, he added.

The first act of F. L. Harrington, conference president, at the Monday meeting was to name G. A. L'Estrange, United American Life of Denver, as sergeant at arms.

D. B. Alport of Business Men's Assurance with R. P. Diffenbaugh of Berkshire Life, a new conference member.

Pauley Tells of Progress Made in Various Fields

In reviewing the work of the past year in his annual report, C. O. Pauley, managing director, stressed especially the greater exchange of information and closer cooperation which has been developed with other trade organizations, particularly in the field of life and A. & H. insurance, and the establishment of closer relations with hospitals and the medical profession with a view to better understanding of mutual problems in those fields. He said relations with the insurance departments have been most cordial, "and I believe we are developing a better understanding of the problems of regulation from the standpoint of both the departments and the companies."

Mr. Pauley expressed especial pleasure with the number of able young executives who are taking part in the work of the conference. "It shows that our business is a dynamic one with a future that attracts the best young men."

Strides Made in 25 Years

He reviewed briefly the rapid strides made by the business since he was president of the conference 25 years ago. At that time A. & H. premiums were \$175,406,675. Now they are estimated at \$1,171 million, not including Blue Cross and Blue Shield and similar organizations, which were non-existent at the earlier time. Including these, the total would amount to well over \$1½ billion.

Twenty-five years ago benefits were confined largely to death, dismemberment and loss of time in individual policies. Group and family insurance, hospital, medical and surgical insurance were insignificant. Policies contained many limitations and exceptions which now are considered unnecessary. He said legislation and regulation have contributed only slightly to the growth and improvement of the business. "The main factors have been wide and unrestricted experimentation and the good old American practice of free competition. The conference has assumed an ever-increasing importance in this development."

No Need for Apology

"We would be the first to admit that there is room for further improvement in our business and that some fields are not yet adequately covered, but we have moved so rapidly that the public does not have any adequate conception of the size of our business or the forms of coverage that are available. We need make no apology for what we are doing today."

He said that in the interest of both A. & H. insurance and the public there should be some kind of a public relations program, sponsored and financed by all segments of the business, which will not only show the public that voluntary insurance is doing a good job now, but will encourage the industry to do still better.



Fraizer Reviews Ever-Increasing Inroads of FTC

Takes Up Possible Effect of Interstate Compact Idea on A. & H.

In discussing federal regulation, C. C. Fraizer, conference general counsel, in his annual report gave especial attention to federal trade commission activities. He said it is rather well known that FTC for many months past has been engaging in correspondence and contacts affecting just about every segment of the insurance business. Some people believe that it is alert to make every possible inroad into the regulatory picture which it can possibly find reason to accomplish. Others believe that FTC is "feeling" its way, with the idea that the investigations of miscellaneous complaints may help it to establish a line of demarcation as between its activities and state regulation.

"Uncertainty was increased with the incident that while the mail order rules were supposed to affect mail order companies only," Mr. Fraizer said, "the ink was no sooner dry on the rules them-

selves until FTC correspondence indicated that the advertising and promotional methods of agency companies in certain instances might be subject to FTC scrutiny and regulation. Generally speaking, agency companies have nothing to fear, but the uncertainty does not create a happy situation."

Job That Insurance Faces

With regard to subject of proper advertising of insurance, FTC rules have gone rather far, he said. It has been held that an advertiser of drugs is not required to state everything which the drugs will not cure. "Insurance should be on a higher level than other commercial transactions—insurance ideally being a semi-trust relationship as between the company and the individual, who should not deal with each other at arm's length—nevertheless, insurance must be sold and every time good insurance coverage is sold, the public is benefited."

"The job of the insurance industry, in connection with these rules, is to make a sincere effort to interpret and apply them; to take such business risks as may be necessary on close consideration as between technical interpretations of the rules and lack of any substantial misinformation in advertising. Then the insurance industry should, with patience, endeavor to obtain reasonable interpretations of the rules from time to time. While the rules were promulgated to regulate an indiscreet segment of the industry, they necessarily had to be of general application."

Interstate Compact Plan

He mentioned as a recent development which should be followed with interest the discussion occurring in a committee of National Assn. of Insurance Commissioners on cooperation among and between the states in connection with various phases of insurance regulation. This committee, headed by Insurance Director Stone of Nebraska, is giving consideration to the possibility

(CONTINUED ON PAGE 12)



C. C. Fraizer

Social Problems of 24-Hour Insurance Coverage Reviewed

Miss Mary Donlon, chairman of the New York workmen's compensation board and administrator of the New York disability benefits law which becomes effective July 1, outlined some of the social problems involved in providing around-the-clock A. & H. protection for workers. She said the programs constitute a heavy charge on the production of goods and services in New York, and are a serious competitive burden for one state to carry in economic markets unless there are considerable compensating advantages.

These are to be found in better employe-employer relations, Miss Donlon averred, adding that tax-supported relief costs are reduced, and public health is improved through the spread of good medical and hospital care. Prompt payment to physicians, through insurance, of fees for treatment of work-connected disabilities has been a significant factor in increasing the attractiveness of New York as a good state in which to practice medicine.

Under the new disability benefits law, Miss Donlon emphasized the insurers and employers must accept the concept of their own administrative obligations. Paper work must move smoothly and without delay. First rate medical talent should be made available. Under privately insured programs, the personal sense of satisfaction workers have in the results of cooperation between responsible state administrators and insurance and the medical profession—will determine, as it did in Europe, whether the organization of workers for political action will also bring about the socialization of social insurance.

Experience under the New York workmen's compensation act in the past five years has shown, she added, that cooperation between employers, insur-

ers, and state officials is possible in the administration of privately insured and self-insured disability insurance.

Integrity of medical certification underpins any insured disability program, she said. Responsibility of insurers and employers for prompt checking of claims and prompt payment of intended benefits to disabled workers is absolutely necessary to the success of the private enterprise type of program.

Miss Donlon asserted that experience and know-how are utilized in New York, and have been by-passed in the plans in Rhode Island, California and New Jersey, where administration is under the agency administering unemployment compensation. Moreover, administration of privately insured disability benefits in conjunction with a tax-supported program creates special problems and develops pressures that are harmful to the private enterprise program.

During the question period following her talk, Miss Donlon was asked about a group policy in force on an interstate business by a company not licensed in New York. The company must either get licensed in New York, or the employer must transfer the New York part of the business to a licensed company she replied.

Is it necessary to keep separate New York experience on employees not within the scope of the New York law? Miss Donlon said she intends to require a New York experience filing. Further, the employer must know his New York experience to prove that he is not making a profit on his insurance program, which is illegal under the law.

What about employers paying wage continuance during disability? Can the insurer pay benefits direct to the employer? No. The employer sets up this situation and must recognize it. All payments must go direct to the worker.



Everybody's is different...

And everybody's need for Wage Replacement Insurance is different, too. That's the reason behind North American's plan of "Personalized" Protection—a plan that enables each earner to plan according to his own specific needs. Over 600 possible combinations.

NORTH AMERICAN *Life and Casualty Company*

H. P. SKOGLUND, President

J. E. SCHOLEFIELD, Vice President—Director of Agencies

Home Office: Minneapolis, Minnesota

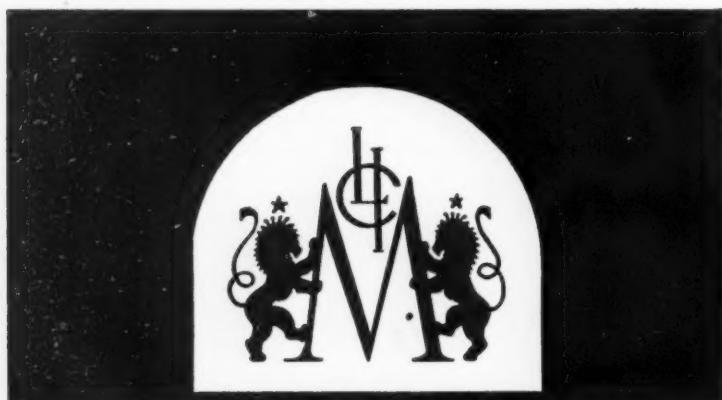


HOME OFFICE — Chattanooga 3, Tennessee

H. C. E. JOHNSON
President

JOS. W. JOHNSON, M.D.
Chairman of the Board

LIFE • HEALTH • ACCIDENT
INSURANCE



MONARCH

A Winning Combination...

Non-cancellable Health and
Accident Protection

Participating Life Insurance
carried with the..

MONARCH LIFE INSURANCE COMPANY
SPRINGFIELD, MASSACHUSETTS

L.I.A.M.A. SURVEY RESULTS

Three Types of A. & H. Buyer Described by F. M. Peirce

Some facts about the buyer of A. & H. coverages were told by Frederic M. Peirce, associate director of company relations of Life Agency Management Assn. at the Monday session. He related the showings of an initial survey taken by L.I.A.M.A. in an attempt to isolate the characteristics of the customer, and to identify in a general way the coverages he purchased.

It was hoped that the information would help the agency heads and ultimately, Mr. Peirce added, L.I.A.M.A. will make a follow-up study, tracing the history of each policy during its life to a point two or three years hence in order to learn something more about the persistency of A. & H. policies.

The A. & H. buyer study covered 9,098 policies issued in September of 1949 by 31 companies. While the survey is descriptive only of the companies analyzed, Mr. Peirce observed that wide diversification was obtained both as to companies represented and coverages issued.

There is no such thing as a "typical" buyer, he remarked. The survey disclosed three separate types, and he identified them as:

1. The purchaser of cancellable A. & H. other than hospitalization. He is about 34 years old, married, lives most likely in the eastern half of the country or on the west coast, earns \$3,750 annually, is employed in wholesale or retail trade as manager. He is classified as preferred occupationally. At the time of sale he did not own any A. & H., although he does own some life insurance. He is most apt to pay his premium annually, although quarterly runs a close second. His annual premium is \$54 and the policy is issued by the company without rating or exclusion rider.

2. The second typical case bought a non-cancellable policy other than hospitalization. He also is 34, married, and lives either in the eastern half of the U.S. or on the west coast. He is likely to be a professional man and is in the preferred class. He did not have A. & H. before, but he definitely owns life insurance. He pays a \$77.50 annual premium quarterly.

3. The third classification is a buyer of hospitalization, 36 years old and a native of the midwest. His annual salary is \$3,160 from working in a wholesale or retail trade in a semi-executive capacity. He was sold on a standard classification, had no previous coverage. His premium averages \$42 annually, paid quarterly.

The composites, Mr. Peirce noted, produce buyers of cancellable, non-hospitalization; non-cancellable and non-hospitalization, and cancellable hospitalization. The differences, he said, show the buyer of hospitalization to be older, more often married than the non-hospitalization. Measured by the general distribution of population, the New England and middle Atlantic areas are not as well developed for the sale of

hospitalization as for non-hospital forms. The former has spread more thoroughly in Illinois and the midwest and in Texas.

As to income, the non-can, non-hospital buyer ranks first, the cancellable buyer second, and the hospitalization buyer a poor third. One of the non-can sales, 47% were made to professionals, men, executives and proprietors, whereas only 38% of the cancellable and 30% of the hospitalization sales were made to those occupations.

The buyers of hospitalization are written on a standard classification in the main, whereas the non-can are divided about evenly between standard and preferred and three out of five of the cancellable buyers are preferred. Usually, little if any information is asked about life insurance, and a good list of prospects is overlooked here by the life companies, Mr. Peirce noted.

In terms of medians, the middle point, there is a tremendous variation between companies. Mr. Peirce observed, for example, while the typical male buyer of cancellable non-hospital is 34 years old, the median age in one company was 19, in another 40.

As to income, the median for one company is \$2,890, in another, the opposite extreme, \$6,960. One company sells 8% of its business to professional workers, although another sells 21%, neither of them selling non-can. Still another sells only 5% to proprietors, managers and executives, while a second sells 31% to this class. The range of sales to craftsmen and foreman in the survey runs from 3% in one company to 27% in another.

Modes of premium payment show the same wide differences, one company getting 68% on the annual basis, another 15%. In this regard, Mr. Peirce pointed out that in the life business the advantages of annual payments have long been recognized, and he wondered whether thought might not be given to this in the A. & H. business.

The median annual premium payment paid to one company at the low end of the scale was \$22 for cancellable other than hospital, at the other end \$85. The second company was securing almost four times as much. "Is that because of the market in which its agents work, type of coverage (hospital and non-can not included) or of skill of the agent in selling?" Mr. Peirce asked.

How many buyers previously owned A. & H.? For the male buyer of cancellable, 6% owned other policies in the issuing company, 93% had none in the issuing company, and for 1% of the cases it was not known whether new insured had any previous policies. Of the 93%, it was found that 74% were brand new customers, a fact, Mr. Peirce observed, which tends to verify how virginal the field still is. While the time may come when it is necessary to devise ways to penetrate the market for depth, the present problem seems to be that getting the first cover on.

R. J. Wetterlund, general counsel of Washington National, past president of the conference, M. B. Williams, Life Insurers Conference, and Richard L. Padock, Time.



The
obtained
Insurance
in the
hospital
reviewed
R. W.
ference
has be
close
council
matters
pose
sentati
insuran
organiz
was c
offer t
practic
regardi
to grow
or con
tion.
Mr.
vey or
by vo
the gu
preside
These
have r
have b
figures

Active

Ano
been c
field.
comm
North
with
mulat
pital
On
progr
recogn
when
been
Cleve
to be
in Ne
It
and l
medic
gram
ice o
eral
provi
under
withi
ably
consi
Join

Sti
parti
conf
Medi
Assn
healt
regio
tendi
Blue
suran
homo

Join
Sti
parti
conf
Medi
Assn
healt
regio
tendi
Blue
suran
homo

Join
Sti
parti
conf
Medi
Assn
healt
regio
tendi
Blue
suran
homo

Join
Sti
parti
conf
Medi
Assn
healt
regio
tendi
Blue
suran
homo

Notable Results Obtained by Health Insurance Council

The notable results which have been obtained during the past year by Health Insurance Council

in the medical and hospital field were reviewed by James R. Williams, conference editor, who has been working closely with the council on these matters. It is composed of representatives of eight insurance company organizations and was organized to offer technical and practical counsel regarding voluntary health insurance to groups within the medical profession or connected with hospital administration.

Mr. Williams mentioned first the survey on the number of people covered by voluntary health insurance under the guidance of John H. Miller, vice-president and actuary of Monarch Life. These statistics for the past two years have received very wide circulation and have been especially well received. The figures for 1949 will be released shortly.

Active in Hospital Field

Another area in which the council has been extremely active is in the hospital field. On the national level, through a committee headed by Robert R. Neal, North American Accident, it has worked with American Hospital Assn. in formulating claim forms for group hospital insurance.

On the local level hospital admission programs, which have brought greater recognition to group hospital policies when an insured is hospitalized, have been established at Chicago, Milwaukee, Cleveland and St. Louis, and are about to be established in New York City, New Jersey and on the west coast.

It also has worked with physicians and local medical societies to work out medical and surgical insurance programs—again to provide greater service of voluntary health insurance. Several such programs have been set up, providing for full payment of benefits under a surgical schedule to persons within a prescribed income level. Probably the best known are those in Wisconsin and Tennessee.

Join in Regional Conferences

Still another development has been participation in a series of four regional conferences planned by the Council on Medical Service of American Medical Assn. for further promotion of voluntary health insurance. These meetings, on a regional basis, with representatives attending from local medical societies, Blue Cross and Blue Shield and insurance interests, from either local home office or local agencies, were held

at Fort Worth, Raleigh, N. C., Salt Lake City and Sioux Falls. Mr. Williams attended the latter three of these meetings, at which four specific problems were discussed: The availability of voluntary health insurance, rural enrollment, individual and small group enrollment, and benefits and adequate contract. In most of the areas in which the meetings were held, Mr. Williams said, the problem of rural enrollments was an important factor. It was apparent that much of the job would have to be done through individual underwriting methods and by small group enrollments.

"While two perhaps conflicting philosophies of voluntary health insurance were involved—the service contract as found in most Blue Cross and Blue Shield plans, and the indemnity contract as written by the private insurance carriers—it was apparent that no one agency could do the job by itself—neither the insurance companies, Blue Shield-Blue Cross, or state medical society plans."

Discussions Mutually Beneficial

These discussions, he said, "brought to our attention some of the things that were bothering the medical profession. On the other hand we could talk over some of our problems with the doctors and then present the insurance mode of operation. We were able to explain such things as the differences between group and individual selling, the variety of contracts, why we don't have a standard contract, and other such topics as loss ratios, reserves and the types of contracts sold by A. & H. insurance."

Another meeting has just been held at Chicago to look at these problems on a national scale in light of the discussions at the regional meetings.

"The theme of all these meetings was voluntary health insurance," Mr. Williams commented. "In other words, all of us are selling insurance the voluntary way and we welcome competition, believing that such competition inures to the benefit of the public through increased service and benefits. By working together, we can do a better job under the voluntary system, and naturally the better job done, the less demand you will have for a compulsory system."

"It is hoped that such meetings will not end but will result in further conferences on the local community level. By such discussions, the air is cleared of a great deal of misunderstanding, and a greater understanding of the other fellow's job can be seen."

Mrs. Frank L. Harrington, wife of the retiring conference president, was presented a bouquet of American beauty roses at the banquet. E. J. Faulkner, the incoming president, made the presentation and a gracious speech thanking Mrs. Harrington for her patience and good spirit during the time her husband was occupied on conference affairs.

Moses Hubbard, Commercial Travelers Mutual Accident, was ill and could not attend the meeting. He was sent a letter of condolences from the members.



J. R. Williams



Pictured at the get-together cocktail hour are E. A. McCord, president of Illinois Mutual Casualty; Mrs. McCord, Watson Powell, Jr., American Republic of Des Moines; Mrs. Powell, and E. F. Brewer of Republic National Life.

UNITED INSURANCE COMPANY

Home Office

CHICAGO 5, ILLINOIS

One of America's Fastest Growing Companies

Operating from coast to coast in thirty
states and the District of Columbia

LIFE, ACCIDENT, SICKNESS AND HOSPITAL INSURANCE

COMPARATIVE STATEMENT OF INCOME

1942 — 3,027,753.00

1944 — 5,818,325.00

1946 — 10,575,677.00

1948 — 15,773,824.00

1949 — 17,796,175.22

Life Insurance Outstanding in excess of \$140,000,000.00

Specializing in:

Weekly Premium Accident and Sickness Insurance (Policy includes Hospital Benefits)

Weekly Premium Life Insurance

Monthly Premium Accident, Sickness and Hospital Insurance

Full Line of Ordinary Limited Pay and Endowment Policies

Ordinary Premium on Monthly Debit Plan

Now Operates in Thirty States and
the District of Columbia

Maximum Protection at Minimum Cost

ACCIDENT — HEALTH — HOSPITALIZATION AGENCY OPPORTUNITIES IN PREFERRED TERRITORIES

Employ the COMBINED success formula . . .
SELL A NECESSITY THAT IS LOW IN COST
. . . AND REPEATS.

You owe it to yourself to represent a strong well-managed company with an enviable claim record when you establish your own agency. Select one that offers the best accident, sickness and hospital expense protection at the lowest possible cost. A few exceptionally fine territories are available. Write today for information.

DON COMPTON
Vice President

JACK OLSON
Mgr. Disability Department



An Illinois Stock Corporation
Home Office, 5316 Sheridan Road, Chicago 40, Illinois
W. Clement Stone, President

ATTENTION PROSPECTIVE AGENTS

NON-CANCELLABLE — GUARANTEED RENEWABLE
INCLUDING

HOSPITALIZATION UP TO \$10 PER DAY.

SURGICAL BENEFITS UP TO \$450.

INCIDENTAL EXPENSES UP TO \$500.

DISABILITY INCOME UP TO \$200 PER MONTH.

We have it — PLUS

A complete line of Life and A & H policies FEATURING the Secured Income Plan that provides Life and Non-Can Disability Coverage.

COMMUNICATE
AT ONCE
WITH



FEDERAL LIFE INSURANCE CO.
CHICAGO, ILLINOIS

Problems of Pension Field May Be Next A. & H. Headache

Whether or not conference companies are directly concerned with underwriting pensions, their stake in the problems created in this field is a vital one. Frank L. Harrington, Massachusetts Protective, said in his address as conference president. Mr. Harrington observed that pensions are tied up with recent

disaster for all.

Mr. Harrington mentioned the idea of an accident and health institute which has been proposed to serve as a vehicle of public relations and as a medium of factual information to the public of the activities, work, accomplishments, and purposes of the A. & H. field. The need of such an institute is recognized, he said, but it is also recognized that it must be carefully organized on a broad base including the various segments of the industry, to insure the support and representation necessary. This has meant slower progress than in the case of a narrower and more limited scope.



Russell Stobbs, Massachusetts Protective; Cecil C. Fraizer, conference general counsel; Mrs. Fraizer, and Orville F. Grahame, vice-president of Massachusetts Protective.

developments in the cash sickness field, and the present pension boom is closely interwoven with A. & H.

Labor-sponsored pension movements of the past few months have had a profound effect on the entire American economy and the publicity given the movement has served to emphasize the importance of security as never before, not only in retirement but also in the event of disability.

The demand for pensions to support group insurance may ultimately result, Mr. Harrington declared, in companies being forced into the pension field to a greater extent.

In 1949, the regular mid-year meeting was omitted in favor of more regional meetings. These were conducted at Cincinnati, Des Moines, Dallas, Boston, Chicago and Los Angeles, and Mr. Harrington observed that the idea has proved itself "valuable and definitely worth continuing."

A significant development in disability insurance has been the recent growth of group coverages. Mr. Harrington said that a reflection of this development is the activity of the conference group committee, which put on an outstanding meeting at Chicago in February.

The response of the companies to writing cash-sickness insurance in California, New Jersey and New York shows that the companies are prepared to provide coverage in this field. The substantial part of the business written by the life, A. & H., and casualty companies indicates a recognition in acceptance of the challenge presented by current trends and events. In Massachusetts the willingness of the private companies through all-private plan to undertake all the cash-sickness load should the state require the employer to cover non-occupational sickness is an illustration of this. It is an important development. Mr. Harrington stated, and regardless of the final outcome may serve as the laboratory for the future form of the coverage if it is generally adopted.

The year has also shown growth in better relations with the regulatory authorities, with other parts of the industry, and with industry at large. There is both room and necessity for continued effort and accomplishment in this field, he noted, since division among those with common aims at this time spells

Agent Association Head Is Honored

Charles B. Stumpf, manager of Illinois Mutual Casualty at Madison, Wis., and president of International Assn. of A. & H. Underwriters, was the recipient of honors at a breakfast Tuesday morning given by V. J. Skutt, president of Mutual Benefit H. & A. About 50 luminaries in the A. & H. business attended.

In his introductory remarks, Mr. Skutt pointed out that a gathering bringing together all phases of A. & H., including sales, administration, claims, investment, etc., is a reminder of the common interests of those in the business.

Among the visiting dignitaries introduced were Ralph Kastner, American Life Convention, John Blanchfield, Aetna Life, president of International Claim Assn., D. Stuart Walker, resident vice-president of Mutual Benefit H. & A. at Philadelphia, and W. J. A. Jones, executive secretary of International Assn. of A. & H. Underwriters.

John B. Lambert, Mutual Benefit resident vice-president at Cleveland and vice-president of the agents' association, spoke briefly on the value of individual action in furthering public relations. He mentioned a vote survey taken at Cleveland which showed that only 20% of the doctors in that city bothered to vote in the last election, although it was at the time of great agitation for federal health insurance. Only 37% of the city's lawyers were registered to vote, and a mere 26% of the insurance men were registered.

The agents' association has shown it has a place in the A. & H. business. Mr. Stumpf declared. In the past few years the companies have come to realize the public relations program of the agents is for the good of the entire business.

The conference has been 100% cooperative with the association, he said. Conference headquarters have been a source of information and help at all times.

One of the most important steps the industry has ever studied, Mr. Stumpf said, is the idea of forming an institute of A. & H. insurance. "Let's express our views openly and make that a reality," he urged.

Complete Study of Social Security Is Needed: Williamson

A complete study of the social security system in the United States should be made before new legislation is enacted, W. Rulon Williamson, consulting actuary of Washington, D. C., and former actuary for the social security agency, urged in his talk on "Death 'n' Taxes." He said a commission should be appointed to survey the place of such a governmental program in the economy of the country.

Mr. Williamson outlined seven working rules for a system of "social budgeting"—what he calls an honest accounting as to our responsibilities, rather than to our love of a bargain—to be used in considering a program of social security:

"1. National orientation. The American setting of high production, wide personal opportunity and income, means that social budgeting for the nation is both more feasible and of much less relative consequence than it would be in weaker countries.

"2. Catastrophic needs. The American federal interference with personal responsibilities should be limited to the catastrophic episodes.

"3. Presumptive need at fixed age. To avoid making the benefits relief—which I do not believe to be the function of the federal government—benefits should be based on presumptive need, and not actual need. Since beyond 70 for both sexes most men and women have retired, there is a presumption of unemployment at age 70, a presumption of job absence. The benefit age might be set at 70.

"4. To steer clear of discrimination against the needy or in favor of the thrifty, and to be truly democratic—as well as to free ourselves from the incubus of records — proving unsatis-

factory, benefits should be level for all. The amount should be so determined on the one hand, as to count upon sound personal provision, and, on the other, to count upon the availability of local relief.

"5. Tax base. Securing the funds from the taxpayers should be through a special income tax—on all of the insured's income, up to a certain maximum. It should avoid the progressive feature of the regular income tax, and stick to a uniform percentage from the first dollar to the maximum. 'Soaking the rich' should be avoided by removing the strain from the upper income (their taxing power is needed elsewhere). This faces the costs directly and charges them against the taxpayer, avoiding the insidious deferred benefits base.

"6. There should be no employer tax in social budgeting.

"7. In order to make the payments as nearly uniform as possible, and to reduce the level of benefits, I should recommend that the special tax itself should be deductible as 'contribution to organized charity.' Similarly I should recommend that the flat benefits when received not be taxed as income."



V. J. Skutt, president of Mutual Benefit H. & A., with Verne Forkel of Hooper-Holmes Bureau.

Opening R. I. Field, More N. Y., N. J. TDB Benefits Predicted

Developments both favorable and unfavorable in the field of statutory disability insurance were predicted by Francis T. Curran, supervisor statutory disability division of the Loyalty group, in a presentation of that subject at the open forum Tuesday afternoon. The favorable development suggested was that the day may not be too far distant when representatives of private enterprise are permitted to write disability coverage in Rhode Island as they are in other states which have passed similar legislation. He said in that connection, however, that the Rhode Island law is highly complex and would difficult to work with if private carriers ultimately are permitted to compete with the state.

On the other side is the prospect for liberalization in benefits in New York, and New Jersey, which may make things more difficult for the private insurers in those states. He forecast that the 13-week duration in New York will be increased to 26 weeks, with the benefit schedule upped to \$30 per week, and said he would not be surprised if within two or three years a hospital ride is added; dependent coverage is also a possibility.

He said that at the outset too few companies attempted to write this business in New Jersey, with the result that at the end of the first quarter of 1949 the state was insuring about 60% of the employees and the companies 40%. Within a year this situation has been reversed.

The state's figures indicate that the employees covered by it have produced a very sizable amount of revenue and profit for the state plan. The companies have not been so fortunate but the reason is very simple. Practically every

company writing this business in New Jersey has a benefit schedule materially above the \$22 provided by the state, sometimes as high as \$35 or \$40, but written for the same premium. This, of course, means a higher loss ratio.

Labor leaders in the state ignore this fact and consistently plug for the state fund, but many employees find it hard to see why they should take \$22 a week when they can get \$40 for the same payment. However, in New Jersey the consent of a majority of the employees must be secured before a private plan can be installed and if the unions can get enough support to block this, it automatically goes to the state. Mr. Curran said the addition of a hospital benefit rider, without increasing the tax, will be hard for the companies to absorb without reducing the weekly benefit.

Even though the companies are penalized in California by the requirement that they provide coverage better in one or more respects than that provided by the state, the preference of the insurers would have been to permit the legislation to remain as enacted until experience could be gained. However, he held that a tryout period of at least three years would be desirable before any changes are made.

As to the general position to be taken in regard to such legislation, Mr. Curran said: "I think we should place ourselves in the position of being underwriters—willing to underwrite the provisions of any disability benefit law provided we can install the coverage at the required cost. I don't think we should oppose any of this legislation. I think we should oppose monopolistic bills where the state is the only agency permitted to write the coverage."

He urged that everything possible be done to have a tax rate inserted in the laws commensurate with the risk involved. "Then where we have permission to write the coverage we should participate wholeheartedly in the program and prevail upon as many of our competitors to enter the field as possible."



The year the Wright brothers made their first flight from Kill Devil Hill — INTER-OCEAN was writing Insurance. Since then, the styles of airplanes have changed, but the principles of flying stay the same. INTER-OCEAN is as *sound* today as yesterday, and our ideas are as *modern* as the swiftest jet plane. INTER-OCEAN'S complete line of Health, Accident, Hospitaliza-

tion and Life Insurance goes steadily forward with sound principles and modern ideas.

INTER-OCEAN INSURANCE CO.

CINCINNATI 2, OHIO

PERSONAL PROTECTION SINCE 1903

LIFE • HEALTH • ACCIDENT • HOSPITALIZATION

Select Insurance for Insurance Men!

Sickness and Accident Policies with Hospital
and Surgical Reimbursement for
Preferred Occupations.

OVER 45 YEARS OF SUCCESSFUL SERVICE

QOF

Write for Application and Literature to

MINNESOTA COMMERCIAL MEN'S ASSOCIATION

PAUL CLEMENT, Secretary
2550 PILLSBURY AVENUE
MINNEAPOLIS 4, MINNESOTA



**Pardon Us,
Mr. Shakespeare!**

"What's in a name" may depend on what it stands for.

Our name symbolizes outstanding growth in our field. It stands for progressive leadership which welcomes men who can help set the pace for further growth. For such men, this name will help open doors and close sales. If you would like to grow with our name, write directly to Mr. C. Alvin Kahaner, President.

Life, Health and
Accident Insurance,
Hospital Expense,
Surgical and Medical
Plans on Weekly,
Monthly and
Ordinary Basis

**PENNSYLVANIA
LIFE**



HOME OFFICE: PHILADELPHIA 5, PA.

CONFERENCE ELECTS FAULKNER

(CONTINUED FROM PAGE 3)

draft, said the executive committee at its Sunday meeting had unanimously recommended a further change which in effect adds three members to the executive committee by making the three most recent past presidents ex-officio members. This was approved.

Other Official Changes

Further changes in the official lineup were made with the election of A. B. Hvale, Continental Casualty, as second vice-president, replacing J. Eugene Taylor, National Life & Accident, and G. H. Hipp, Employers Mutual Liability, as secretary, succeeding J. W. Scherr, Jr., Inter-Ocean, who has held that post for many years. W. Franklyn White, Mutual Benefit Life, was reelected first vice-president.

Serious consideration will be given to making Detroit the site of the 50th annual convention next year. P. G. Korn, National Casualty, put through a motion that the executive committee study the possibility of having the meeting there, Detroit being the city where the

In the evening Loyalty group was host at a cocktail party. This event brought out all the early arrivals, and more than 100 turned up. Many of the members took the occasion of the meeting being in New York to bring their wives, and the ladies added considerable glitter.

At the opening business session Monday, welcome addresses were given by Mayor O'Dwyer of New York and Commissioner Dineen. Mr. O'Dwyer related some of the problems of massed population. He invited the conference to make a study of the health and accident plans of municipal bodies, and said he would welcome such a survey in New York. New York authorities would be happy to have the conference point out omissions in the New York health program, he added, and would welcome recommendations.

Mr. Dineen, after performing protocol, reiterated the arguments he made several weeks ago in an address before Pennsylvania Insurance Days at Pittsburgh that the A. & H. business inaugurate health experiments on the community level.

Conference Activities Reviewed

Reports of conference activities were given in detail by members of the official family. President Frank L. Harrington, C. O. Pauley, John P. Hanna, Roy McDonald and Marie Meade of the staff described accomplishments of the past year and outlined services available. They urged members to take advantage of the organization by sending their problems and questions to the Chicago headquarters, where there is a group of experts on hand to give assistance.

Welcome on behalf of the host companies was given by William B. Reardon, executive vice-president of Loyalty group, who substituted for President John R. Cooney.

Some interesting facts developed as a result of a Life Agency Management Assn. survey were discussed in the talk of Frederic M. Peirce, associate director of company relations of that organization, to lead off the afternoon meeting. Talks were given at this session by W. Rulon Williamson, consulting actuary of Washington, Russell B. Gallagher, insurance manager of Philco Corp., and Floyd N. Dull, president of Preferred Accident. Mr. Dull mentioned the progress of A. & H. over the years and noted that it has become a standard line with producers, who formerly shunned it.

The Tuesday morning session was devoted to a discussion of the New York disability benefits law. Miss Mary Donlon, chairman of the New York workmen's compensation board, listed the responsibilities of insurers, doctors and state officials under the program.

A description of the workings and aims of International Assn. of A. & H. Underwriters was given by Wesley J. A. Jones, executive secretary, who followed



Mr. and Mrs. Frank L. Harrington. Mr. Harrington, president of Massachusetts Protective, is the retiring conference president.

conference originated and the meeting place of the 25th convention.

The apparent object of the enlargement of the executive committee is to bring more new talent to the top ranks. Mr. Fraizer, explaining the change, remarked it has been traditional that the past presidents are named to the committee and many of them have had service there for a number of years. By making the past presidents ex-officio members, the way will be cleared for new blood.

New President Long Active

Mr. Faulkner has been prominent in conference affairs for many years and the past year has been chairman of the executive committee. He has been especially active in A. & H. educational work and was primarily responsible for the organization of the H. & A. Underwriters Conference Institute.

Mr. Faulkner represents the third generation in the presidency of his company. It was founded in 1890 by his grandfather, Dr. A. O. Faulkner, who was succeeded as president by E. J. Faulkner, Sr. The new conference chief, who has been connected with the company since 1931, became its president in 1938.

Jarvis Farley, who according to custom will be elected president next year, has been with Massachusetts Indemnity since graduating from Harvard in 1932. He started as a clerk and progressed through the ranks to agency secretary, assistant treasurer, actuary and secretary. He is a member of the council of Casualty Actuarial Society and has served twice on the conference executive committee.

The meeting opened unofficially with an all-day gathering of the executive committee Sunday. Four new companies were admitted to membership — Commercial Benefit of Phoenix, Hearstone of Boston, Reserve of Chicago and United American Life of Denver.



Representing the agents were Charles B. Stumpf, Illinois Mutual Casualty, Madison, Wis., president of International Assn. of A. & H. Underwriters, and Wesley J. A. Jones, executive secretary of the association.

Miss D
tion of
a medi
Sales co
tions of
Amor
taken b
of a po
1. This
approac
contrib
field.
for A
will be
Gordon
William
original
R. Gor
of the
Study

Study
Anot
needs
The as
bility t
course
The
plan to
dling th
ican A
\$2½ m
ing the
suranc
panies
availab
The in
a repo
he rem
D. E
ance, c
mittee,
group
mittee
special
Mr.
studyi
ning m
tion m
questi
tices.

Questi

D. A
mentio
tee on
Wickn
uality,
and p
questi
data o
The
distrib
memb
State
copies
panies
period
Con
gradua
Faulkn
man,
menda
have
ferenc
ice in
sired
tion o
posed
legisla
tainin
tween
partm
for at
as a c
insura
Paul
chairm
did a
gram,
meet
cause
him a
"get
Tuesd
Scher
retary
On
dent's
quet.
show
Ray
of N
day o
the e
ports
ed. J

Miss Donlon. He said the prime function of the agents' group is to provide a medium for interchange of sales ideas. Sales congresses are one of the big functions of the association, he declared.

Among the projects now being undertaken by the association is publication of a portfolio of sales ideas about Sept. 1. This will contain 100 ideas from the approach to the close—material will be contributed by successful men in the field. The title will be "Successful Ideas for A. & H. Sales," and its compilation will be under the direction of the Libby-Gordon memorial committee, honoring William E. Libby of Los Angeles, who originated the idea, and the late Harold R. Gordon, who was managing director of the conference.

Study Training Needs of Agents

Another project is a study of training needs of agents and facilities available. The association feels it is its responsibility to adopt some form of training course for agents, Mr. Jones declared.

The agents also are working on a plan to cooperate with the agency handling the advertising for American Medical Assn., which proposes to spend \$2½ million this year in a blast favoring the purchase of private A. & H. insurance. The agents will keep the companies advised of the schedule and make available copies of advertising mats. The intention is that the agents act as a reporting service for the companies, he remarked.

D. B. Alport, Business Men's Assurance, chairman of the underwriting committee, reported on the progress of his group through the medium of sub-committee members who related some of the specialized activities in the field.

Mr. Alport noted that the committee studying classification of risks is planning revisions to bring the classification manual up to date by means of a questionnaire to companies on practices.

Questionnaires Being Sent Out

D. A. Long, Mutual Benefit H. & A., mentioned the work of the sub-committee on underwriting forms, and J. M. Wickman, North American Life & Casualty, reported that underwriting costs and procedures are under study and a questionnaire will be sent out to get data on comparative policy issue costs.

The underwriting manual has had wide distribution to both member and non-member companies, C. M. Barry, Ohio State Life, declared. More than 800 copies have been sold to about 200 companies. The manual will be revised periodically.

Conference activity will be expanded gradually in a number of directions, E. J. Faulkner, executive committee chairman, reported. He said the recommendations of the planning committee have been adopted that the conference develop a more complete service in the preparation of legislation desired by individual states, the coordination of industry opinion regarding proposed legislation and appearance before legislative committees. A plan for maintaining a more continuous contact between the conference and insurance departments was initiated, and a program for augmenting the conference service as a center of information on disability insurance was approved.

Paul G. Garey, Commercial Casualty, chairman of the convention committee, did a splendid job of arranging the program, but was unable to attend the meeting and receive congratulations, because of illness. The conference sent him a letter of thanks for his work and "get well" wishes. It was read at the Tuesday afternoon meeting by J. W. Scherr, Inter-Ocean, the conference secretary.

On Tuesday evening was the president's reception followed by the banquet. This featured an entertaining floor show.

Raymond Moley, contributing editor of Newsweek magazine, spoke Wednesday on "The Point of No Return." At the executive session the committee reports were heard and new officers elected. James E. Powell, Provident Life &

Accident, was chairman of the nominating committee.

One of the points of interest as a convention sidelight was the number of convention visitors. Five life insurance companies had representatives on hand, New York Life with 5, Home Life, 1, Pilot Life, 3, Mutual Life of New York, 2, and North American Reassurance, 1.

Mr. Harrington was given long applause as he stepped down from the presidency. His term has been a most successful one and it came at a time of considerable disturbance in the business.

A subject of considerable discussion was the Supreme Court decision in the Travelers Health case. Moses Hubbard, Commercial Travelers Mutual Accident, who argued the case, was ill and did not attend the meeting. The talk was mostly speculative, since the only information available was what appeared in the newspapers.

At the executive meeting Wednesday, Cecil C. Fraizer, general counsel of the conference, said that he had reviewed the decision with Life Insurance Assn., and the opinion seems to validate the service of process law. It also puts the insurance business more than ever in the national picture, he pointed out.

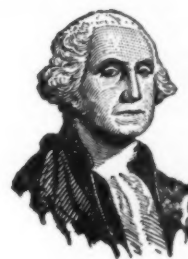
Fifteen New Companies Join Conference in Year

Fifteen new members joined the conference during the year, the membership committee stated in its report. Stanford Miller, Employers Reinsurance, is chairman. New company members are: American General Life of Houston; American National, Galveston; American Reserve Life, Omaha; Berkshire Life, Farmers & Bankers Life of Wichita; Federated Mutual Implement & Hardware; Group Health Mutual of St. Paul; Guardian International Life of Dallas; Hardware Indemnity, Provident Life of Bismarck, N. D.; Standard Life & Accident of Oklahoma City; Commercial Benefit, Phoenix; Hearthstone, Boston; Reserve, Chicago, and United American Life of Denver.

The executive committee also accepted the application of the firm of Bowles, Andrews & Towne of Richmond, Va., as an associate member.

A trip around Manhattan Island by boat was one of the entertainment treats given the guest ladies.

J. W. Scherr, Jr., Inter-Ocean, who retired this year as conference secretary was awarded a rising vote of thanks. Frank L. Harrington, president, in suggesting that Mr. Scherr be publicly honored for his years of service, said he has been a source of great help to several presidents.



Going Up

The Washington National is about *three times* the size it was just ten years ago, in *assets*.

The Washington National is about *three times* the size it was just ten years ago, in *life insurance in force*.

The Washington National is about *four times* the size it was just ten years ago, in *premium income*.

The Washington National has more than *six times* the *surplus* it had just ten years ago.

The Washington National is GOING UP . . . because Washington National salesmen have a complete line of personal protection to sell, a coverage to fit every person's individual needs.

Lines written: Life, Accident, Health, Hospital, Franchise, Group.

WASHINGTON NATIONAL INSURANCE COMPANY

EVANSTON, ILLINOIS

H. R. KENDALL, Chairman

G. R. KENDALL, President

J. F. RAMEY, Exec. Vice Pres. and Secy.

60 Years of Progress—

1950 marks Woodmen Accident's sixtieth year of service supplying essential security against the financial consequences of death and disability. Never stronger nor more alert to the opportunities of the years ahead, these Companies look forward eagerly to providing ever better protection to an ever wider circle of insureds in the American tradition.

Woodmen Accident & Associated Companies

Lincoln, Nebraska

LEGAL RESERVE LIFE, HEALTH, ACCIDENT, HOSPITAL INSURANCE

E. J. Faulkner
President

R. L. Spangler
Exec. V-Pres. & Secy.

You Can't Beat It!



IBLA representatives can boast with pride that they are equipped to furnish disability coverages tailor-made to fit the need of their every client . . .

- STREAMLINED LIFE PLANS
- UNEXCELLED ACCIDENT AND HEALTH PLANS
- HOSPITAL AND SURGICAL EXPENSE COVERAGE FOR INDIVIDUALS AND FAMILY GROUPS
- NEW "NON-CAN" POLICY, GUARANTEED RENEWABLE TO AGE 65.
- MEDICAL CARE PLAN
- ALL-EXPENSE ACCIDENT PLAN
- POLIO AND DREAD DISEASE POLICY
- FRANCHISE GROUP PLANS
- PURE GROUP COVERAGE

Good territories available — Liberal commissions

O. F. DAVIS, Vice President
Director of Agencies

ILLINOIS BANKERS LIFE ASSURANCE COMPANY
MONMOUTH, ILLINOIS

50 Years of Service to Clergymen

LIFE — HEALTH — ACCIDENT AND
HOSPITAL INSURANCE

The Ministers Life and Casualty Union
MUTUAL LEGAL RESERVE INSURANCE
MINNEAPOLIS TORONTO

MELL W. HOBART, President

SERVICE SINCE 1886

North American Accident Insurance Co.

209 So. La Salle St., Chicago 4, Illinois

Life and Accident & Health Insurance

District Managers and Representatives

WANTED

Geo. F. Manzelmann, President

A GOOD YEAR TO CONNECT
WITH A GOOD COMPANY

Many Factors Make Public Relations Situation Better

The past year developments have occurred which augur well for the future of the public relations endeavor of the conference and of the A. & H. business as a whole, F. S. Vanderbrouk, Monarch Life, reported in summing up the work of the public relations committee.

"From the standpoint of the coverages our companies write," he said, "I believe we can report that the improvements are legion. Our coverages are broader, contain fewer exclusions and limitations, and provide benefits which are generally much more favorable to our policyholders than at any time in the past. And, happily, these improvements continue and will continue in the future with new coverages being developed to fill the needs of the public we insure as these needs are demonstrated."

From the standpoint of proper selection and training of agents he said the companies, both large and small, are devoting more and more time to training schools for their agents and by so doing have bettered the service rendered to the public, while at the same time lessened materially the turnover in manpower.

He said the business has been aided greatly in this program by International Assn. of A. & H. Underwriters through the A. & H. courses it has sponsored. "The association's efforts and results deserve the continued support of the conference membership," he added.

He also spoke of the increased understanding developed between the A. & H. business and the medical profession, especially through the work of Health Insurance Council.

"Trade association cooperation in our business has never been better," he continued, "and we are happy to report that the improvement in relations continues. Really effective results can be measured today."

In addition he described the problems surrounding the formation of an A. & H. insurance institutional public relations program. If an institutional program is to be started, broad sponsorship should be given to the idea, he pointed out, and it should "comprise a cross-section of the entire health and accident business in order to be really effective."

Urges Uniform Support for Standard Provisions Draft

Jarvis Farley, Massachusetts Indemnity, chairman of the standard provisions committee, in his report, emphasized that the proposed uniform A. & H. policy provision law worked out with the National Assn. of Insurance Commissioners A. & H. committee at Galveston is a reasonable one. Action has been deferred until the annual meeting of the commissioners at

Quebec in order that all interested parties might have a chance to study the draft. Each conference member has been sent a copy as well as reports on events leading up to the Galveston meeting at which it was proposed.

Mr. Farley said that there have been no important new developments. However, he took the opportunity to state that it would be unfortunate to accept the draft at Quebec unless all parties concerned — companies and commissioners alike — are prepared to support the legislative program involved on a uniform basis. He added that the Galveston draft is the result of more than three years of study and negotiations, and any evaluation of its provisions should be made against an appreciation of the fact that it is a carefully worked out compromise of differing opinions. The acceptance of any draft by the commissioners and companies represented is not the final step. The law does not become effective until it is adopted by the legislatures and a great deal of hard work is involved if any program of uniform legislation is to have a reasonable chance of approaching uniform adoption.

FTC Is Increasing Its Encroachments, Fraizer Says

(CONTINUED FROM PAGE 5)

of establishing interstate compacts or arrangements which might lead to more uniformity and possibly economy in regulation.

In addition to regulating fire and casualty rates, in which A. & H. people are not directly interested, on an area basis, with a number of states in suitable areas or zones agreeing upon a program of financing and developing, suggestions have been made for a plan to handle certain regulatory matters, including a co-operative program relating to the approval of policy forms. "In this latter," Mr. Fraizer said, "we are greatly interested."

Commenting on a survey of the insurance codes of the various states recently made, he said "it is amazing the amount of additional legislation affecting our business which occurs during the period of from two to three years. The large volume of it does not become apparent until one makes a complete survey." New legislation relating to group insurance takes the leadership for volume. While the pattern of group legislation is somewhat uniform, the range is all the way from comprehensive group laws to a few states which have authorized one or two specific cities or one or two branches of the state or municipal government to arrange for group coverage in some form or manner.

The standard provision law, in some form, has recently been enacted in Kentucky, Louisiana and Maine. The "unreasonable rate clause" has not been included in these enactments, "which is a good sign because that clause was and is unnecessary, although fortunately, up to now, at least, it has not interfered with the progress of our business."

The ladies' program was in the capable charge of Miss Marie Meade of the conference staff.

Among the lookers-in was A. L. Kirkpatrick, insurance manager of U. S. Chamber of Commerce.



F. S. Vanderbrouk



From United of Chicago: Jack Penrith, vice-president; Mrs. Penrith and H. G. Rockwood, vice-president.

Community Coverage Proved Feasible

(CONTINUED FROM PAGE 3)

veloped satisfactory health insurance plans."

The fact remains, however, that the most difficult question to answer in all proposals for federal compulsory health plans is the fact that enough people are not covered for sufficient health insurance to provide for their needs.

"As to actually how far private insurance carriers can go in providing the health coverage for the physically handicapped, old aged, and others usually considered uninsurable by private carriers, remains to be seen."

The interest in Mr. Waller's talk was forcibly demonstrated by the questions he was asked, most of them requesting that he repeat his statements that his company's plan covers preexisting conditions, includes all ages, and has no waiting period.

Would Professional have gone ahead with the plan regardless of the percent of participation? he was asked. Mr. Waller said that any percent would have been acceptable, since the company was attempting to experiment. For the same reason the medical questions were put in the application although no effort was made to eliminate any risks.

Blue Cross was very active in the territory involved in the plan, he remarked in answer to a query.

HAVE TO RELAX RULES

Speaking on "Private Insurance Carriers Can Meet the Demand," Irvin A. Weaver, Secured Casualty, chairman of the hospital insurance committee of the conference, who presided, cited a series of fundamental requirements of insurance applying to voluntary prepayment medical care plans prepared by Frank G. Dickinson of American Medical Assn.:

(1) That there shall exist laws of mathematical probability which apply; (2) the person wishing to be insured must stand to lose financially by the occurrence of the event (insurable interest); (3) there must be a large number of independent risks; (4) the risk must be sufficiently important to justify the payment of premiums; (5) uncertainty of occurrence (this is a very important one); (6) the insurance itself must not immeasurably

by one have seen fit to violate, to a greater or lesser degree, certain of these seven fundamental requirements, finding ways of doing so without impairing their surpluses.

The general public does not seem to be well informed as to what occurrences are or are not proper subjects for insurance. The general clamor is for a type of insurance that will do a "complete job." The result is that more and more companies are deviating from what previously had been thought to be well defined principles governing insurance.

"Most of the complaints that are registered against private insurance carriers involve to some extent a demand that we close our eyes to one or more of our rules," Mr. Weaver said. "Most such demands are really taking us, to a degree, out of insurance business and



J. Charles King, Hooper-Holmes Bureau, and H. P. Skoglund, president of North American Life & Casualty.

into the business of prepaid medical care, prepaid maternity expense of a system of some type of prepayment of an expense which violates the 5th requirement—uncertainty of occurrence. In many instances writing such coverage also violates the 6th requirement.

Many Departures from Rules

"If we were to analyze the average hospital-surgical policy being written today, giving attention to the seven requirements mentioned, we would find very few that are being written by private carriers that could be said rigidly to comply with all of these requirements."

"The insurance industry has not raised its voice in protest against these violations of principle, but rather has attacked each separate problem with the idea firmly in mind that it would find a way to do what seems to be demanded of it in order to accomplish the purpose. It has meant the supplementing of its rules with a constantly increasing list of exceptions which, as previously mentioned, seems to be taking us into fields other than insurance. "We are hoping to save the insurance business for insurance companies by taking on these supplementary lines."

DEMAND BEING MET

Answering the contention of state planners that voluntary insurance either cannot or will not meet the demand for adequate insurance of the complete cost of medical care, W. deV. Washburn, American Health, declared that in insurance no substantial demand goes long unfilled. He doesn't consider the pressure to give people something they would like to have, but

only as a gift, a demand, "but I do say that when the American public does demand insurance protection there are a



W. deV. Washburn

"Planned Personal Security to meet every need"

Life (Participating and Non-Participating)—with Immediate Disability

The New and Unusual Savings Plan—a complete package of economic security

Complete Accident and Health—for Men, Women and Children

Non-Occupational Accident

Family Group Hospitalization

Complete Line of Term Insurance (including new, 5 year Renewable and Convertible Term)

Specialized Policies for Specific Needs

New, Double-Unit Family Income Benefit

Juvenile

Retirement Plans and Annuities

Complete Group Insurance . . . 25 or more lives

Employee Insurance . . . 10 to 25 lives

Polio Coverage on Salary Savings basis (minimum 10 lives)

Pacific Mutual

LIFE INSURANCE COMPANY

HOME OFFICE — LOS ANGELES, CALIFORNIA

Doing business only through General Agencies located in 40 states and the District of Columbia.

Going and Growing...

The Paul Revere Life Insurance Company is one of the largest and most experienced writers of non-cancellable, guaranteed continuable accident and health insurance in the country. The upsurge of interest in this type of income replacement has focused the attention of progressive underwriters on our position of leadership in a specialized field.

In addition, our Field Force in the 48 states, the District of Columbia and Hawaii write all Life forms and Group Life and Group Disability insurance.



THE Paul Revere Life
INSURANCE COMPANY
WORCESTER, MASSACHUSETTS

Frank L. Harrington President
Edward R. Hodgkins, Vice-Pres. and Mgr. of Agencies



Mr. and Mrs. E. J. Faulkner pictured at the cocktail party. Mr. Faulkner is president of Woodmen Accident, and succeeds Frank L. Harrington as conference president.

increase the risk; (7) the risk must be measurable.

Insurance carriers generally can be depended upon to establish adequate premiums for whatever they may insure. When they are called upon to insure occurrences which do not meet their own fundamental requirements as proper subjects for insurance, there is now a growing tendency to calculate the additional costs of such deviations from recognized practice, establish premiums therefor, and to do the job that is thrust upon them. For the past several years private insurance carriers one

CONGRATULATIONS



to the
**Health and Accident
 Underwriters Conference**
 and to the **EXECUTIVE STAFF**
 on the outstanding program of the
Forty-Ninth Annual Meeting



PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY

CHATTANOOGA

protecting provident people since 1887

**COMPLETE
 Accident and Health
 FACILITIES**
 INCLUDING
 MONTHLY PREMIUM • COMMERCIAL
 HOSPITAL-SURGICAL-MEDICAL EXPENSE
 for Families and Individuals
 GROUP • FRANCHISE • SPECIAL RISKS
Accident Coverage for
 Students
 Sports Teams
 Campers
NEW YORK DBL COVERAGE

Accident and Health Department

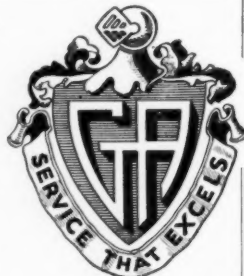
GENERAL ACCIDENT

FIRE AND LIFE

ASSURANCE CORPORATION, LTD.

GENERAL BUILDINGS

PHILADELPHIA



**Personal Accident
 Health and Hospital
 and Surgical Insurance
 Direct at Cost**

\$85,000,000.00 Paid to Members since 1883

More than \$5,000,000.00 Surplus Reserves

THE COMMERCIAL TRAVELERS
 Mutual Accident Association of America

Edward Trevvett, Secy-Treas.

Utica, N. Y.

lot of their fellow-Americans in the insurance business, trying to find out what they want and how to express the desired protection in an insurance contract to be backed by a sound company."

Even though the experts say it's impossible, through the agents, who are in daily touch with the American public, any legitimate and substantial demand for insurance is quickly translated into a powerful pressure on the companies to try to furnish the desired protection. "There are always some aggressive companies seeking to stay ahead of the field with new or improved coverages so that their agents may have a preferred competitive position. And, competition being what it is in our business, other companies are under even more pressure from their agency forces to quickly follow the leaders whenever a way to supply a new demand seems to have been discovered."

Impossible, But It Was Done

In fact, Mr. Washburn commented, "we go so far in trying to supply public demands for protection, we can often look back later to discover we have done what our own experts said was impossible."

He recalled that in 1911, when he was "trying to learn all that was known about hospital-surgical insurance underwriting," he consulted what was supposed to be an authoritative insurance textbook, the author of which said in regard to hospital insurance that it is a type of coverage which lends itself to large group handling but that experiments had demonstrated that it was not feasible on an individual basis, because of adverse selection. Other experts said the same thing.

However, because individuals and small groups wanted this protection too, many of the companies tried to provide it.

"We covered them. And we still cover them, and thousands of our agents are out today, we hope, trying to sell more individuals more and better hospital-surgical-medical protection. The demand is being supplied.

"And now, when an insurance expert is writing or revising a textbook, he has to change the part about insuring individuals for expense for hospitalization and good medical care. He can't say it's impossible to accomplish because we tried to meet the growing demand and we did it successfully."

Regarding maternity expense, he said he will agree with the experts that childbirth can't be insured on an individual policy basis, where prospective parents can take it or leave it. "It's about as reasonable to insure coal in a coal bin against subsequent fire as to insure young married folks against perpetuating the human race. That's what they are for. Certainly it is not a subject for insurance, according to the well known

and time tested requirements for insurability.

"But people want their family health insurance plans to include some indemnity for childbirth. So, even though it can't be done, we try anyway to meet the demand. A show of hands by those of us who supply some maternity benefits in their family hospital policies would show that most of us disregard the rules of insurance in this instance because we think the public demands that we do."

Actuaries say small groups are not sufficiently subject to the law of numbers to permit evaluation of averages. "We tried anyway and some of us had trouble and we all learned by trying. Now, in the chapter on hospital-surgical insurance there has to be a section on franchise, which differs from individual plans and from group plans, too. It looks as though it may be a long chapter, too, some of these days."

It also has been said that you can't insure parents and children for a flat premium. You must vary the premium according to the number of children. If you don't you'll end up with too many large families and you'll be sorry. "Now I don't know about others, but my company has used a single premium for families for years and every time we check up we find we have 2.4 children per family, not far off the population average in the market we supply with this insurance."

Martin H. Imm, St. Paul Hospital & Life, discussing "Current Increases in Writings in the Hospital and Medical Field," stressed that the public must be told of the available hospital and medical coverages in private plans. Private companies are the creators of hospital and medical insurance, he pointed out, but they have lost the initiative in Blue Cross.

He cited figures of Health Insurance Council on the growth of hospital and surgical business to emphasize the part the companies are playing in developing these lines, and added that from 1947 to 1949 the number of persons covered by hospital plans gained 25% and for surgical the gain was 54%.

Blanks Committee Reports

While no recommendations for changes in the life or miscellaneous blanks were submitted to the blanks committee of N.A.I.C., A. C. Olshen, West Coast Life, chairman of the conference blanks committee, reported that several changes effecting A. & H. companies were adopted by the N.A.I.C. committee and will be submitted at the coming annual meeting at Quebec.

The committee took no direct action on the proposed new life blank (Bittel report) but in accordance with the consensus of the members, it supported the action of the joint A.L.C.-L.I.A.A. blanks committee in this regard.



Listening to a Texas fish story are Martin H. Imm, president of St. Paul Hospital & Casualty, and Mrs. Imm. Doing the talking is C. C. Bradley of Reserve Life. Mrs. Bradley is at his right.

PARTICIPANTS IN H. & A. CONFERENCE NEW YORK MEETING PICTURED



The ladies were much in evidence. C. O. Pauley, conference managing director, is shown with Mrs. Pauley and their daughter, Pamela.



John P. Hanna of the conference with Gerhard Hirschfeld, director of Research Council for Economic Security, and Ralph Smith, Unity Mutual Life & Accident.



From Hoosier Casualty: V. M. Ray, president, and C. Norman Green, A. & H. manager.



Two convention visitors: J. F. Follmann, Jr., who is manager of Bureau of A. & H. Underwriters, with W. E. Kipp, Indemnity of North America, chairman of bureau governing committee.



Lee Parker, American Service Bureau, and Mrs. Parker; L. D. Cavanaugh, president Federal Life of Chicago, and Mrs. Cavanaugh, and Irvin A. Weaver, Secured Casualty, and Mrs. Weaver, pictured at the cocktail hour the evening before the convention.



J. W. Scherr, Jr., Inter-Ocean; R. M. Wehrle, deputy commissioner of West Virginia, and Eugene Taylor, associate actuary of National Life & Accident.



Frank V. Cliff, president Federal Life & Casualty; Mrs. E. G. Trimble, Edward G. Trimble, Employers Reinsurance, and Travis T. Wallace, president of Great American Reserve.



W. Rulon Williamson, consulting actuary and program speaker, with Ray Williams and Manuel Gelles of Mutual Life of New York.



Educational
Funds



Family
Protection

*Their future
is our business
Today!*

The GREAT-WEST LIFE
ASSURANCE COMPANY
HEAD OFFICE-WINNIPEG, CANADA



Group, Accident, Health
and Hospitalization



Group Life
and Annuities



Personal Accident, Health
and Hospitalization



Retirement
Income